

**Managers Recommendations to
Historic Rogers Road Neighborhood Task Force
October 16, 2012**

On October 3, 2012 the Historic Rogers Road Neighborhood Task Force met and discussed the recommendations from the County and Town Managers. Based on the draft Meeting Summary the Task Force reinforced support for both the Community Center and Sewer in the Historic Rogers Road Community, by the recommending the following:

1. That the Managers meet and report back to the Task Force at the October 24, 2012 meeting, specifically to study how the local governments can cost-share sewer improvements and a community center.
2. That the Managers consider the "Carrboro" cost sharing option.
3. That the Task Force move forward with the Community Center and continue discussions as to how sewer is implemented.

On October 16, 2012 the County and Town Managers met and developed the following recommendations:

1. A new Rogers Road Neighborhood Community Center to be constructed on the 2 lots in the Phoenix Place subdivision, a site graciously provided Habitat for Humanity. (The Board of County Commissioners approved a capital project of \$500,000 to advance funding for a Rogers Road Community Center on October 16, 2012.)
 - a. That County staff will work with Habitat to investigate a contractual agreement with Habitat to construct a Community Center that would serve the residents of the Rogers Road Neighborhood. The Managers will approve the design of the facility, initially funded by Orange County, with the intent of a long-term master lease agreement that would cover operating and maintenance of the Center, with the detail to be worked out later, including a second lease with Rogers Eubanks Neighborhood Association (RENA) for \$1 per year, to operate some community based programs.
 - b. Authorize the Managers to negotiate an Interlocal cost sharing agreement for the Community Center that will commit the County and the Towns to the same costs sharing percentages as outlined in the 1972 Landfill Agreement 43% for Orange County, 43% for The Town of Chapel Hill and 14% for The Town of Carrboro. Funding to reimburse the County will begin in Fiscal 2013/14.

- c. That the details of the construction of a Community Center will be referred back to the Managers for coordination and a report to the Task Force and/or the governing bodies.
2. That the Managers continue to work on a solution to provide Sewer Infrastructure to the Rogers Road Neighborhood including priority and funding options. At this time discussions are continuing as to how to advance and fund that effort.
 - a. That the County and the Town of Chapel Hill recommend that Orange County will petition the Town of Chapel Hill to annex all County owned property (that is located in Chapel Hill's ETJ) in the Rogers Road Neighborhood, including the jointly owned Greene Tract, This action would alleviate legal concerns from the Town of Chapel Hill attorney.
 - b. The Managers recommend that Habitat petition the Town of Chapel Hill to annex the 2 lots in the Phoenix Place subdivision, provided by Habitat for the construction of a Rogers Road Neighborhood Community Center.
 - c. That the 104 acre jointly owned Greene Tract be considered for development, that would include a future school site (10 to 12 acres), and the remainder of the site be considered for workforce/affordable housing. With all proceeds from the sale or lease of the land for development, including funding from the County for a future school site, to be used to fund sewer in the Rogers Road Neighborhood. Such development of workforce housing is consistent with the Chapel Hill 2020 Comprehensive Plan. While there is no formal agreement on how the Greene Tract will be used, a concept plan was introduced in 2002. Collectively all governing boards will have to approve any future plans for the Greene Tract.
3. That the Task Force investigate the creation of County Sewer District for all property owners in the Rogers Road Neighborhood and adjoining neighborhoods that are not currently served by a municipal sewer system and would benefit from the installation of sewer infrastructure to serve the Rogers Road Neighborhood.
 - a. Territory lying within the corporate limits of a city or town may not be included in the district unless the governing body of the city or town agrees by resolution to such inclusion.
 - b. The County would propose to contract with OWASA for the actual operation of the sewer system, which would provide an opportunity for a different rate structure for this district.
 - c. A County Sewer District could make special assessments against benefited property within the district to cover the costs of constructing, extending or improving sewage disposal system. The basis of any special assessment would be determined at a later date after investigating development potential

and the number of possible dwelling units (the Managers are instructing the planning staff to begin this evaluation). A special assessment would share the costs of the sewer system with current benefited property (homeowners) and undeveloped land for future development.

- d. Consideration could be made to offset the cost of connecting sewer system for some group of residents to be defined. One example could be the owners of owner-occupied housing units in place at the time the landfill was originally sited (1972). There were estimated 40 +/- housing units in place at that time. Other definitions of those who would receive an offset can be developed.
- e. To investigate the use of approximately \$900,000 of Orange County Solid Waste Rogers Road Reserves for sewer improvements.
- f. The County Sewer District will be eliminated when the debt is retired and the system would be given to OWASA.

CONFIDENTIAL

RENA Neighborhood Center

Growth without Displacement: Everyone Wins

Business Plan

Prepared October 2012

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Executive Summary

Vision

Executive Summary:

The new Rogers/Eubanks Neighborhood Association (RENA) community center building should be a symbol of the birth of a new relationship between the Rogers/Eubanks neighborhood and the rest of the area. It is the first instantiation of the development of our neighborhood into what we believe will make it the heart — the hub — of a mixed-use, walkable, friendly and healthy residential area that stretches from Homestead to Eubanks. While the center is the result of a redress of wrongs it is more importantly the beginning of a model of economic development that should become widely copied: growing and improving without displacement.

The center itself will continue to build the community's capacity through health, education and engagement programs. In addition, we envision that it will be used to launch community partnership businesses in the style of Mondragon. These businesses will eventually coalesce into the attractive mixed-use hub we believe will improve the entire area.

We have included several possible financial ways forward. The goal of all of them is economic growth without displacement. They are all financial plans designed to enhance the entire area and all of its people.

Who We Are

In 2007, this socially cohesive and culturally rich community founded a 501(c)(3) tax-exempt organization -- the Rogers Eubanks Neighborhood Association (RENA) -- to formalize a long term *ad hoc* community alliance and movement. As a community organizing group, RENA needed a place to gather for sharing community resources and development programs. Minister Robert Campbell, RENA Director David Caldwell, and RENA Board Member Barbara Hopkins have formed working relationships with the Orange County Board of Commissioners, the Town of Chapel Hill and the Town of Carrboro as well as members of the wider Orange County, North Carolina community. RENA has been a part of collaborative work groups such as the Landowners Group, Unity in the Community Group, Neighborhood Group, Chapel Hill Small Area Plan Task Force and Enhancement Task Force.

The RENA Community Center opened its doors in the summer of 2010 and closed then temporarily in August, 2012. The new center, when it opens, will continue to serve the community's needs through its Neighborhood, Opportunity and Wealth (NOW) programming.

Neighborhood Programming:

- * Community garden
- * Celebrating our cultures and history

Opportunity Programming:

- * Education: Back to School Bash, Tutoring, Adult Education, ESL
- * Health: Wellness Cooperative, Alliance with Piedmont Health

Wealth Programming:

- * Incubating small cooperative businesses: daycare, catering
- * Developing Large Cooperatives: Green Enterprises

"My hope for this community is that it will be transformed into a major part of the development of Chapel Hill. People have referred to us as being outcasts; as being a neighborhood that nobody wants. They have referred to us as being a poor underprivileged neighborhood. And we say, "See what we see. Look through our eyes and see what we see."

Objectives

1.1 Objectives

There are three distinct programming objectives:

Neighborhood: Foster engagement

Opportunity: Improve access to education and wellness care

Wealth: Jobs are not sufficient to create wealth: cooperative businesses can.

1.2 Mission:

Community: Increase trust and mutual respect

Organization: Build collaborations to improve potential

Recycle: Make sure neither people nor things are wasted

Evolve: Develop connections to keep our community moving in place.

1.3 Keys to Success

Insure programming continuity

Establish successful ventures

Develop robust networks within and outside the neighborhood to assist with challenges

Protect and revisit our history

Financial Summary

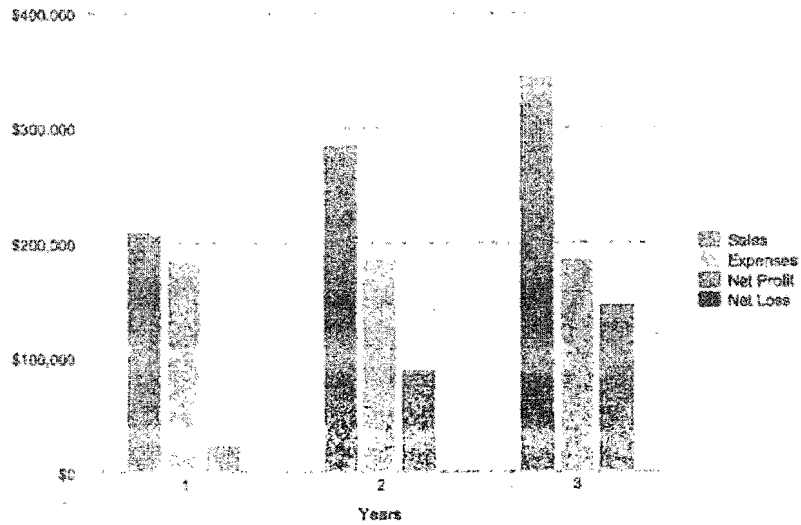
Financial Highlights

The expenses listed here represent what it will take to fund the running of a neighborhood association. It compares favorably with other centers locally and around the country in terms of operating costs. The center can continue to run nearly completely on donated time and effort, but many significant opportunities will be missed. If the neighborhood is to become a thriving part of Chapel Hill, it must develop the economic means to grow in place. A fully funded RENA Center can make that happen.

Although the first year of operation will be significantly helped by the mitigation fund we are anticipating additional funds from room rentals (including a daycare), some from a few small community partnership ventures we plan to launch. We are also going to begin offering memberships. The first year's budget does not depend upon membership as a significant source of revenue.

The second and third years of operations will depend upon two large sources of revenue: a development grant to build the capacity of the center to incubate community partnership businesses (including the training needed), and an extremely robust membership that relies heavily on virtual memberships. Although that is somewhat risky, obtaining the funding noted would require 250 members at a dollar a day for the second year and more people in the third. In addition, however, the revenue is not the foundation of the operating budget. Modest increases in the revenue from the community cooperatives, room rentals, and grants other than the incubator grant should allow us to match our expenses. We have diversified our possible revenue sources to limit our vulnerability. In addition, we anticipate that we will use profits to fund community partnership initiatives and to expand the services we provide to the neighborhood.

Financial Highlights by Year



RENA Community Center

Overview

In 2007, this socially cohesive and culturally rich community founded a 501(c)(3) tax-exempt organization — the Rogers Eubanks Neighborhood Association (RENA) – to formalize a long term *ad hoc* community alliance and movement. As a community-organizing group, RENA needed a place to gather to provide a location for sharing of community resources and development programs. Minister Robert Campbell, RENA Director David Caldwell, and RENA Board Member Barbara Hopkins have formed working relationships with the Orange County Board of Commissioners (BOCC), the Town of Chapel Hill, and the Town of Carrboro as well as members of the wider Orange County, North Carolina community. RENA has been a part of collaborative work groups such as the Landowners Group, Neighborhood Group, Chapel Hill Small Area Plan Task Force, and Enhancement Task Force.

RENA Community Center opened its doors in the summer of 2010 and closed them temporarily in August of 2012. The new center seeks to continue to serve the community's needs through its Neighborhood, Opportunity and Wealth (NOW) programming.

Neighborhood Programming:

Community Garden

Celebrating Our Cultures

Celebrating Our History

Opportunity Programming:

Education: Back to School Bash, Tutoring, Adult Education, ESL

Health: Wellness Cooperative, Alliance with Piedmont Health

Wealth Programming:

Incubating Small Cooperatives: Daycare, Catering

Developing Large Cooperatives: Green Enterprises

"My hope for this community is that it will be transformed into a major part of the development of Chapel Hill. People have referred to us as being outcast, they have referred to us as being a neighborhood that nobody wants. They have referred to us as being a poor underprivileged neighborhood. And we say, 'See what we see. Look through our eyes and see what we see.'"

Management Team

The lead management team consists of David Caldwell and Robert Campbell. For over a decade these men have organized, developed, found funding or donated resources for and run all the programs in RENA's NOW programming except the cooperative incubator. Their experience with RENA itself and their own professional experience prepares them to direct the incubator program as well. The management team will be assisted by a variety of professional volunteers from around the community during the first five years of the center's operations.

What We Will Offer

Services

NOW Programming provides the residents of the RENA neighborhood with opportunities that are either not available at all or not realistically available. Children in the neighborhood do not have many transportation options to get them to and from tutoring, mentoring or even wellness activities that are provided in other neighborhoods. Our seniors are similarly limited. Many of our neighbors work several jobs to make ends meet so activities that could help them must be close if they are going to be used. RENA will not only provide the usual complement of community center activities, but it will also provide the training, the basic services and eventually possibly even the capital to help launch community partnership businesses in the style of Mondragon. We envision a center that will enable the neighborhood to grow economically while allowing the residents currently living here to stay and grow as well.

The Rogers/Eubanks Neighborhood

Neighborhood Needs

Education:

Minority students in the Rogers/Eubanks traditional neighborhood are not performing as well as their peers in this area although they are performing better than minorities in the state as a whole. Given the resources available in this area, that result should not be surprising. Academic achievement for African-American students is severely lagging behind school and district averages. Similarly, the Latino/a population and other minority groups of Rogers-Eubanks are recording low academic scores.

School	Black School	Latino School	School total	Black District	Latino District	District total	Black State	Latino State	State total
Chapel Hill High School	70.9%	73.6%	89.0%	67.6%	77.4%	88.8%	66.0%	74.0%	79.7%
Smith Middle School	58.3%	65.9%	87.5%	58.8%	65.2%	85.6%	48.5%	54.4%	67.0%
Morris Grove Elementary	70.5%	70.5%	85.6%	58.8%	65.2%	85.6%	48.5%	54.4%	67.0%

Although there is access to job training, there is little access to the kinds of training that would allow an individual to accumulate wealth. Improving the job prospects of an individual who has a high school degree, or even one who has had some college, is unlikely to get them out of poverty. Reducing poverty requires increasing wealth, not just income. The income improvement that would result in wealth accumulation is

liable to be out of the reach of people currently living in the traditional Rogers/Eubanks neighborhood.

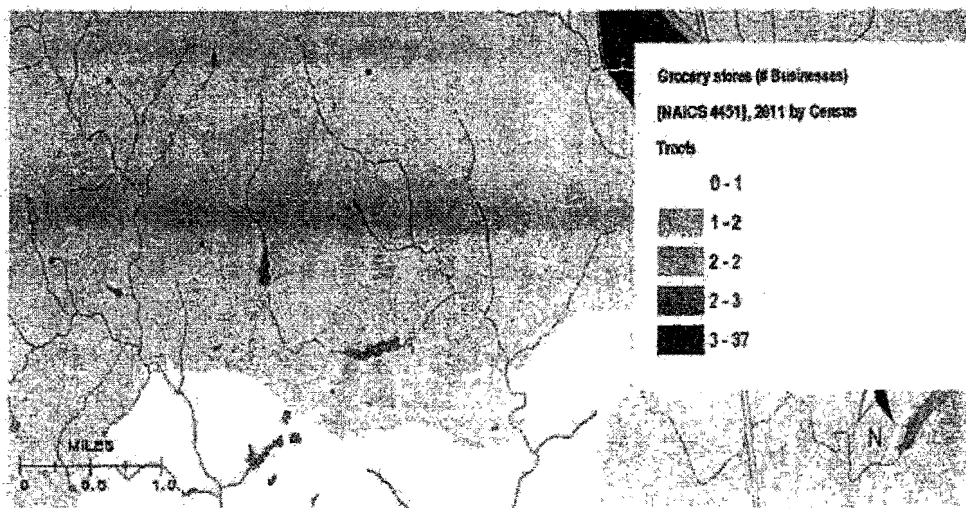
Income:

According to the 2010 census, there are 44 families living in Census Block 112021 that earn less than \$25,000 per year. Per capita, Hispanics in that census block earn 35% of white per capita income and African-Americans earn 67%.

Food Access:

A household living in this community is only able to contribute, on average, \$4,490 towards healthy food options. This is less than the Orange County and United States averages, which are \$6,832 and \$6,786, respectively.

Residents living within the Rogers Road area also lack many local venues from which to purchase healthy foodstuffs. The Rogers Road community only has 1-2 grocery stores within the entire census block (and the block contains more than the traditional Rogers/Eubanks area). There are no stores within walking distance. Many residents in Rogers Road lack the means of transportation to access these grocery stores, and therefore, are unable to access healthy foods.



Neighborhood Assets

The Rogers/Eubanks area has two principal assets: its location and its people. Although its location at the moment is a serious problem because the landfill is still operating, as the landfill closes and the environmental impacts of the landfill diminish through direct action and time passed, the location of the neighborhood will become an asset. Its proximity to the center of Chapel Hill and Carrboro is clearly an asset and its proximity to the proposed North Campus development will make the area even more valuable. The usual way for this kind of development to go would be that developers would offer current neighbors an amount of money for their homes that would exceed the price they could expect to get now. Given the financial circumstances many neighbors are facing, they would likely accept the offer. Although the offer would allow them to buy another home, it would not be enough to allow them to buy in a neighborhood that improved their standard of living since they would either have to move far from town or move to a worse dwelling nearer to town. The move would also destroy the other asset the Rogers/Eubanks neighborhood has: the ability of its people to cooperate for mutual gain.

The Rogers/Eubanks neighborhood has been able to provide credible service to its people with basically little outside help. They have community gardens, tutoring programs, programs to get school supplies to its children, neighborhood festivals and outings. The Habitat communities have become full partners in this effort, joining in the Unity in the Community committees and activities. This ability to cooperate is the raw material that will allow the vision of a future where residents remain in the neighborhood while the neighborhood grows because of them and with them. Displacement is neither a desirable nor a necessary ingredient for economic growth.

Strategy and Implementation

Plan

Overview

The Rogers/Eubanks neighborhood center will be the nucleus around which a hub will develop for an area stretching from Homestead to Eubanks. The center's activities will help the area become walkable and city-like in the diversity of the kinds of places residents can access on foot. The existence of the community partnership incubator and the services the center will provide along with judicious and inclusive planning will insure that this area becomes the model for growth without displacement nationwide.

Positioning

Our community center is the locus of growth through cooperation for the neighborhood now and into the future. It is a place for us to come together to decide how to obtain the resources we need for our own growth, our children's growth and the neighborhood's growth. Sustainability in economic growth has got to mean that we do not waste people: it is not enough that we do not despoil the physical environment.

Distribution

The center fostered the development of a committee, the Unity in the Community committee, that is continuing the discussions, planning and community events during the absence of the physical center.. Even in the absence of a physical place, we have been able to keep up the cooperative spirit we developed during the time we had a physical center. The existence of the center allowed this kind of cooperative spirit to grow sufficiently strong to live during a hiatus. A physical center is necessary for the spirit of cooperation to thrive and the services planned will insure that cooperation becomes the engine of economic growth.

Incubation

In addition to continuing the services already provided, during the first year of the new center, we will develop the capacity to focus the cooperative spirit on the development of community partnership enterprises. The first of these, a catering operation, should begin to help support the center even in this initial year. The incubator planned will enable the development of sophisticated, green and community building enterprises that will attract residents from the wider area from Homestead to Eubanks.

Strategic Alliances

The RENA neighborhood center has developed many important strategic alliances and is planning many more. Its relationship with the Campus Y has provided the neighborhood with invaluable resources for tutoring, the garden and our events. Our partnerships with the Orange County Board of Commissioners (BOCC), the Town of Chapel Hill, and the Town of Carrboro as well as members of the wider Orange County, North Carolina community, the Landowners Group, Neighborhood Group, Chapel Hill Small Area Plan Task Force, and Enhancement Task Force has all helped us both understand what we need to do and develop action plans to do it. Our close alliance with Habitat for Humanity has enabled to entire community to come together and plan for our future. Our partnership with the UNC Public Policy Clinic has allowed us to begin developing the business skills we will need for the community partnership incubator.

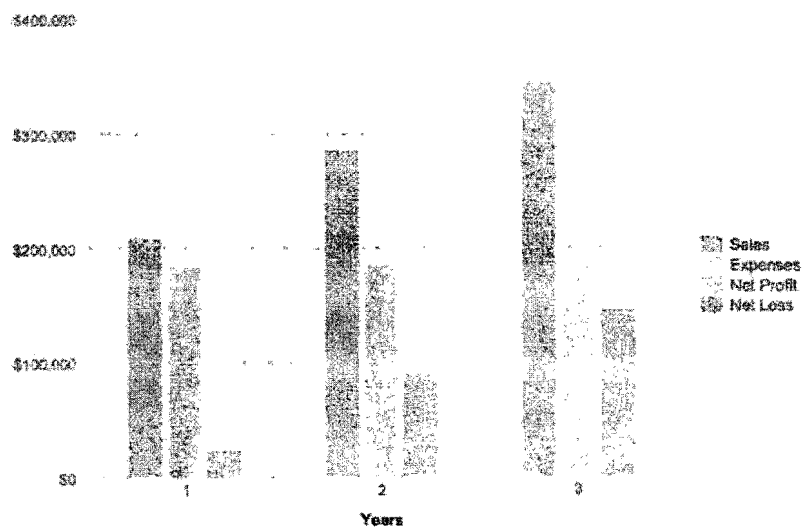
Financial Plan

Revenue Forecast

Financial Plan

	Year 1	Year 2	Year 3
Sales			
Room Rentals	\$5,496	\$6,048	\$6,348
Membership	\$18,252	\$91,248	\$120,000
Daycare Rental	\$6,000	\$6,120	\$6,252
Catering	\$2,400	\$17,493	\$15,000
Cooperatives Incubation	\$6,000	\$75,000	\$75,000
Grounds keeping Young Adults	\$2,400	\$2,520	\$2,640
Green Business	\$0	\$3,000	\$12,000
Grants	\$168,000	\$84,000	\$108,000
Total Sales	\$208,548	\$285,429	\$345,240
Direct Cost			
Room Rentals	\$3	\$3	\$3
Membership	\$1,825	\$9,125	\$12,000
Daycare Rental	\$0	\$0	\$0
Catering	\$360	\$2,624	\$2,250
Cooperatives Incubation	\$100	\$100	\$100
Grounds keeping Young Adults	\$24	\$25	\$26
Green Business	\$0	\$30	\$120
Grants	\$0	\$0	\$0
Total Direct Cost	\$2,312	\$11,907	\$14,499
Gross Margin	\$206,236	\$273,522	\$330,741
Gross Margin %	99%	96%	96%

Financial Highlights by Year



About the Revenue Forecast

These revenue source estimates are meant to encompass a wide variety of revenue sources so that the center can, over time, be sure to be self-sufficient.

Personnel Plan

Personnel Table

	Year 1	Year 2	Year 3
Administrative Director	\$40,000	\$40,400	\$40,804
Program Director	\$40,000	\$40,400	\$40,804
Instructor 1	\$12,480	\$12,480	\$12,480
Instructor 2	\$12,480	\$12,480	\$12,480
Instructor 3	\$12,480	\$12,480	\$12,480
Accountant / Grant Writer	\$12,000	\$12,000	\$12,000
Total	\$129,440	\$130,240	\$131,048

About the Personnel Plan

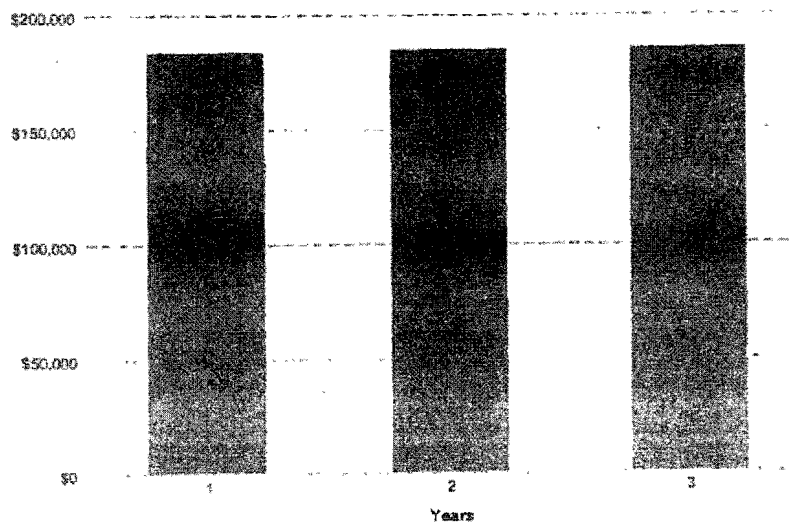
RENA's center will require both an administrative manager and a program manager if it is to provide programs and facilitate the development of community cooperative businesses. Contract instructor salary will provide the instruction necessary for summer camp, tutoring and other programs. The accounting professional can help provide information needed for grants and help cooperative businesses as well.

Budget

Budget Table

	Year 1	Year 2	Year 3
Expenses			
Salary	\$129,440	\$130,240	\$131,048
Employee Related Expenses	\$16,000	\$16,160	\$16,322
Community Communications	\$1,800	\$1,800	\$1,800
Rent	\$120	\$120	\$120
Utilities	\$14,004	\$14,004	\$14,004
Supplies	\$20,004	\$20,004	\$20,004
Insurance	\$2,400	\$2,400	\$2,400
Total Expenses	\$183,768	\$184,728	\$185,698

Expenses by Year



About the Budget

This budget represent the basic costs of operating the RENA Center. Although the center has been run with donated administrative labor, it is unreasonable to expect a community center to deliver as much as it could over the long run without full time administrative attention. Although the Red Cross could probably be run for a year in North Carolina on the amount of blood Mr. Caldwell and Rev. Campbell have managed to get from stones, they were not able to spend the kind of time needed to secure funding for the center's future using their diminishing supply of free time. This budget represents a realistic appraisal of what running the RENA Center actually costs.

Startup Costs

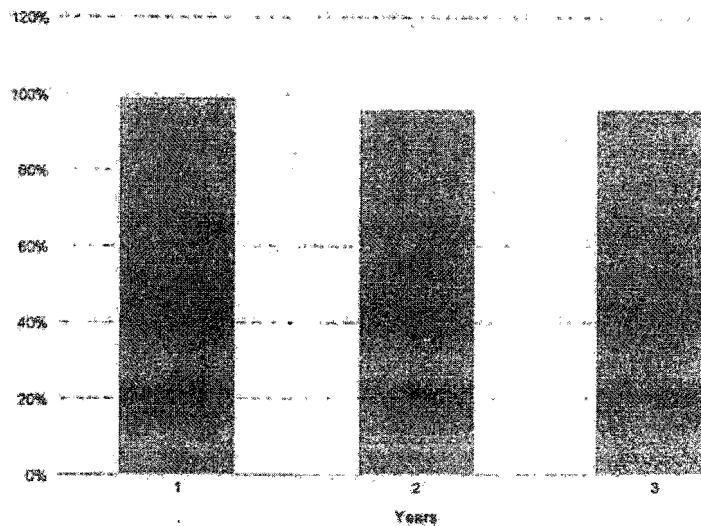
Startup costs will include furnishings, computers, kitchen equipment, legal and other help. We anticipate that the mitigation funds will cover a good deal of these expenses.

Profit and Loss Statement

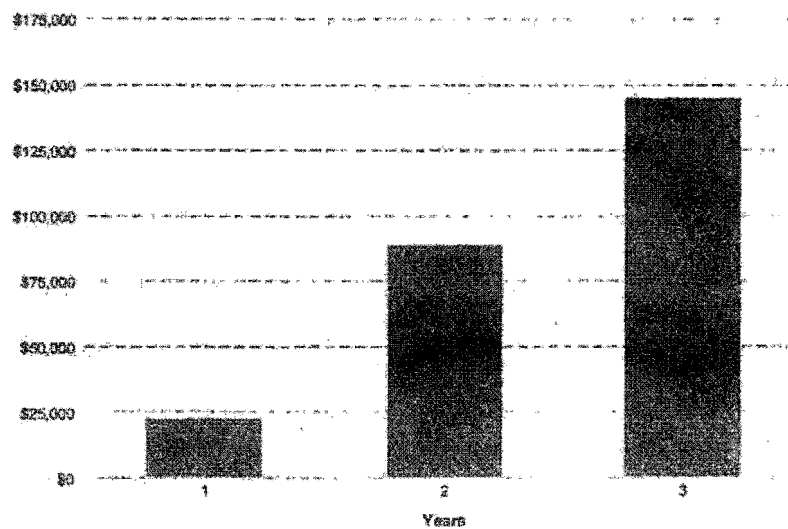
Profit and Loss Statement

	Year 1	Year 2	Year 3
Revenue	\$208,548	\$285,429	\$345,240
Direct Cost	\$2,312	\$11,907	\$14,499
Gross Margin	\$206,236	\$273,522	\$330,741
Gross Margin %	99%	96%	96%
Expenses			
Salary	\$129,440	\$130,240	\$131,048
Employee Related Expenses	\$16,000	\$16,160	\$16,322
Community Communications	\$1,800	\$1,800	\$1,800
Rent	\$120	\$120	\$120
Utilities	\$14,004	\$14,004	\$14,004
Supplies	\$20,004	\$20,004	\$20,004
Insurance	\$2,400	\$2,400	\$2,400
Total Expenses	\$183,768	\$184,728	\$185,698
Operating Income	\$22,468	\$88,794	\$145,043
Income Taxes	\$0	\$0	\$0
Net Profit	\$22,468	\$88,794	\$145,043
Net Profit / Sales	11%	31%	42%

Gross Margin by Year



Net Profit (or Loss) by Year



About the Profit and Loss Statement

The first year of operation we are anticipating that the mitigation fund will supply approximately \$170,000 in operating funds. In addition, we should receive revenue from room rentals (including a daycare), some from a few small community partnership ventures we plan to launch. We are also going to begin offering memberships. There will be two kinds of memberships: local neighbor members and virtual neighbor members. Local memberships will be very inexpensive and will allow people living in the immediate area to participate in all activities. Set at the "couch change" level, it should be well within the means of all residents. The first year's budget does not depend upon membership as a significant source of revenue. Virtual membership will allow people to participate in webinars, virtual and physical events and a newsletter. The Rogers/Eubanks community is in touch both with its history and creating a future that shows we can grow without displacement. People will want to be a part of that.

The second and third years of operations will depend upon two large sources of revenue: a development grant to build the capacity of the center to incubate community partnership businesses (including the training needed), and an extremely robust membership that relies heavily on virtual memberships. Although that is somewhat risky, obtaining the funding noted would require 250 members at a dollar a day for the second year and more people in the third. In addition, however, the revenue is not the foundation of the operating budget. Modest increases in the revenue from the community cooperatives, room rentals, and grants other than the incubator grant should allow us to match our expenses. We have diversified our possible revenue sources to limit our vulnerability. In addition, we anticipate that we will use profits to fund community partnership initiatives and to expand the services we provide to the neighborhood.

10/24/12



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October 23, 2012

Historic Rogers Road Task Force
Orange County Board of Commissioners
200 South Cameron St.
P.O. Box 8181
Hillsborough, NC 27278

Dear Task Force Members:

The UNC Center for Civil Rights has represented the Rogers-Eubanks Neighborhood Association (RENA) for several years and has worked extensively with the community to address the continuing adverse impacts of the county landfill. We write this letter in collaboration with David Caldwell and Rev. Robert Campbell, and we commend the Task Force for its work thus far. We are encouraged that Chapel Hill, Carrboro, and Orange County have prioritized their affirmative obligation to the Rogers Road Neighborhood.

We are concerned, however, with several issues that have been repeatedly raised during recent Task Force and government board meetings. We believe that, with more accurate and complete information, several of these issues could have been resolved by now, and confusion regarding these matters further delays the provision of water and sewer services to the Rogers Road Neighborhood.

I. The provision of water and sewer services is not meaningful unless water and sewer is hooked up *into the homes* of Rogers Road Neighborhood residents.

There are three stages in connecting a residence to public water and sewer. The first is the installation of the main infrastructure lines accessible to the residence. The second is the connection of the line to the meter. The third is the connection of the meter to the house, such that the resident can use the utility. To date, the Task Force has only discussed funding water and sewer through stage two. Indeed, the Interim Report states on page 11 that the \$5.8 million estimate to provide sewer infrastructure to the Rogers Road Neighborhood "does not include the cost to connect individual homes to the sewer system" and notes that the cost to connect from the meter to the house is "about \$20/foot."

The promise to provide water and sewer to the Rogers Road Neighborhood is not fulfilled *unless* residents will be able to enjoy public water and sewer in their homes. We believe that the cost of connecting a home from the meter to the house is typically thousands of dollars per residence, and the estimate per foot provided by the Task Force implies that the cost is minimal when, in fact, it is not.

Residents of the Rogers Road Neighborhood are generally low-income and do not have thousands of dollars to connect their homes to an existing meter. While installation of infrastructure is a step towards providing water and sewer services to the community, it is meaningless if residents are unable to use public water and sewer, or if they are so burdened with connection costs that their quality of life declines. Simply put, water and sewer service that runs near homes, but remains financially out of reach, is tantamount to no service at all. The Task Force should not mistake the fact that some households have not connected with the conclusion that those homeowners do not want or need this fundamental public service.

We urge the Task Force to investigate the cost per residence to connect to water and sewer infrastructure, so that it is clear exactly how much financial burden the Task Force expects Rogers Road Neighborhood residents to shoulder. Additionally, we challenge the Task Force to provide for the connection of residents from the meter to their homes so that they may fully enjoy the Task Force's mitigation efforts.

II. There are residents who do not have water and/or sewer, even though they want to be connected and they live close to a main so that they could be presently connected.

Recent discussions during public meetings indicate two critical misconceptions about the community: (1) that all residents who live close enough to a main to be connected have already been provided service; and (2) that there are a substantial number of residents who simply do not want water and/or sewer, even if offered.

These erroneous assumptions appear to rely on older surveys conducted by government employees. The Rogers Road community has endured decades of discriminatory treatment by local governments; as such, its residents are not inclined to volunteer personal information – particularly about income or potential problems with water and sewer – to government officials. According to our data and surveys, which were conducted in partnership with RENA and other community allies, there are still 17 residents who live close enough to an existing water main to be connected, and 10 similarly proximate to sewer. Of those, we know that 5 want water and 2 want sewer.

One justification for not connecting these residents to existing and accessible mains is that they did not qualify for the CDBG Hookup grant disbursed in 2011. This suggests that the local governments are going to restrict opportunity for connection to residents who meet the low-income requirements to qualify for CDBG grant funding. In fact, Orange County, Chapel Hill, and Carrboro have available and are able to allocate funds to connect residents to water and sewer without such narrow restrictions.

In October 2011, the county commissioners established a fund of over \$280,000 dollars to pay for the connection of residents to water from the main to the meter. This account has yet to fund a single household connection. Additionally, the program was based on allocating funds for several areas of the community that already have water and sewer, such as the Habitat for Humanity Development. The county could readily re-allocate this money, which is already reserved for Rogers Road, to connect all remaining residents to water and sewer, from the main to the house, regardless of income. Doing so would demonstrate that the local governments are committed to improving the quality of life in the Rogers Road Neighborhood as soon as possible.

Finally, there has been a focus on whether residents are “in need” of public water and sewer. In its Interim Report, the Task Force defines “in need” as failing well and septic systems as determined by the Department of Health. This narrow definition, like the CDBG income requirement, grafts an unnecessary restriction on the remediation to be provided to the community. It also bolsters the idea that there is no continuing, urgent need for water and sewer in the Rogers Road community, which is not the case. The Task Force should also focus on residents who are generally burdened by detrimental water quality and the lasting effects of the landfill.

III. CDBG funding for water and sewer infrastructure should be explored in more detail.

The Interim Report emphasizes that Orange County is unlikely to qualify for CDBG grants and thus funding for new infrastructure is lacking. In fact, Orange County has received

CDBG funding in the past and it is not uncommon for a county to receive consecutive CDBG grants. In our work in Moore County, the Center assisted excluded communities working with the towns of Pinehurst, Aberdeen, and Southern Pines in securing CDBG infrastructure grants. The Task Force should more specifically inquire as to Orange County's eligibility for CDBG funding and encourage the county to actually apply for funding. It should also encourage the Town of Chapel Hill, which receives CDBG money directly, to prioritize Rogers Road in its disbursement decisions.

IV. The Task Force should not fragment the cost of providing sewer to segments of Rogers Road Neighborhood and instead emphasize providing sewer to the whole community.

Much focus has been on the "Historic Rogers Road Area Concept May 2012" Map, included in the Interim Report, which divides the cost of sewer infrastructure into eight segments within the Rogers Road Neighborhood. While these segments may be helpful in some respects, they have become an unfortunate distraction to the provision of sewer services to the community.

The map's cost per parcel, per segment is deceptive. Some segments cannot be installed without the installation of other segments – for example, segments 6, 7, and 8 must be installed together and will collectively serve 52 parcels. Thus, the cost per parcel is actually \$58,730.96 instead of ranging from \$41,242 to \$174,596, as the map would indicate. The provision of water and sewer service only to segments of the community based on affordability defeats the purpose of mitigating the past trend of discriminatory treatment by the local governments, and again focuses the discussion on money over mitigation.

Although we recognize that cost is a real concern, we oppose a limited or staged funding commitment, which would jeopardize the provision of service to the entire community. As Rev. Campbell pointed out, sewer is symbolic for a sustainable community and an individual's motivation for reinvesting and re-engaging in the neighborhood. A partial funding commitment where some residents benefit from sewer while others do not would be detrimental to the cohesiveness of the community, which has already been strained by the division of the neighborhood between Carrboro and Chapel Hill.

Finally, such fragmented funding does not address the reality that Rogers Road has been burdened as a community and should be addressed as a community. The per parcel, per segment calculation scheme has led some to conclude that some residents might financially benefit more from sewer infrastructure than others, when in fact the emphasis on the benefit of water and sewer service should be to the Rogers Road community as a whole.

V. Focus on building the Community Center should not be to the detriment of finalizing a plan for water and sewer infrastructure in the Rogers Road Neighborhood.

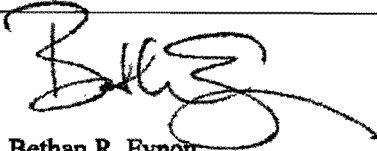
At the time the Task Force was formed, the provision of water and sewer service to Rogers Road was its priority. Since then, the Town of Chapel Hill closed the existing community center and the Task Force has understandably prioritized building a new center. However, this new focus should not come at the cost of delaying or abandoning a plan for providing infrastructure to the community.

Several Task Force members and local government councils have conceded that the community center is an easier problem to solve than the provision of water and sewer. While this is certainly true, these statements should not focus efforts on the community center in lieu of aggressive efforts to solve the more complicated issues arising from water and sewer. Indeed, the

Task Force meeting on October 4, 2012, focused almost entirely on the new community center. Discussion of water and sewer was repetitive and inconclusive.

The Task Force should take its lead from community representatives about these two priorities and emphasize to the local governments and to the media that the recent focus on the community center is in addition to, not instead of, the provision of water and sewer to the community.

Sincerely,



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cc: Rev. Robert Campbell
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Valerie Foushee
Michelle Johnson
Sammy Slade
Penny Rich
James Ward
Michael Talbert

NORTH CAROLINA
ORANGE COUNTY

2010-2011
PERFORMANCE AGREEMENT

THIS AGREEMENT, made and entered into the ____ day of _____, 2010 by and between the TOWN OF CHAPEL HILL, a North Carolina Municipal Corporation, 405 Martin Luther King Jr. Boulevard, Chapel Hill, NC 27514, hereinafter referred to as "Town", and COMMUNITY HOME TRUST, Post Office Box 307, Carrboro, NC 27510-0307, hereinafter referred to as "Home Trust".

WITNESSETH

WHEREAS, the Home Trust desires to support and initiate construction, conversion or rehabilitation of both rental and owner-occupied housing; and

WHEREAS, the focus will be on families and individuals with income levels at or below 80% of the area's median income level; and

WHEREAS, the Town has made commitments to the promotion of low- and moderate-income housing opportunities, in the form of statements in its Comprehensive Plan and Consolidated Plan, and its allocation of General Fund revenues to low-income housing initiatives;

NOW THEREFORE, in consideration of the above and mutual covenants and conditions hereinafter set forth, the Town and the Home Trust agree as follows:

1. Town Support

The Home Trust agrees to provide services as described in Section 4 of this Agreement. By ordinance 2010-04-26/R-2 and Ordinance 06-07-10/O-4, the Town Council agreed to provide the sum of ninety thousand dollars (\$90,000) of 2010-2011 Community Development Block Grant funds to the Community Home Trust to reduce the sales price of its homes.

The Town does not obligate itself to provide any other support to the Home Trust this fiscal year or continued support in succeeding years.

The Home Trust shall hold the Town harmless against any claims or actions for damages, injury or death relating to or arising out of the use of these funds or acts of its employees or agents.

2. Terms

Funds will be provided to the Home Trust as a grant.

The Home Trust will use funds for affordable homeownership properties. The Home Trust will retain title to the property and sell leasehold interest to qualified households earning less than 80% of the area median income by household size as published periodically by the U.S. Department of Housing and Urban Development.

The Home Trust shall record/maintain Restrictive Covenants for each property, approved by the Town of Chapel Hill, naming the Town as beneficiary party, restricting the use of each property for affordable housing purposes for a minimum of ninety-nine (99) years consistent with the terms of this Performance Agreement, and will attach this Performance Agreement as an exhibit to the Restrictive Covenants.

If the future resale price of a home, as determined by the Home Trust resale formula, is unaffordable to a household earning less than 80% of the area median income, then before taking any action, the Home Trust will consult with the Town Manager. If the home is sold to a household earning more than 80% of the median income, without the Council's approval, then the Home Trust will be required to repay the Town's funds. A mechanism for determining the value of the subsidy and the Town's reimbursement for the home would be determined by the Council.

If the Home Trust homeowner is in default, the Town shall have the right to step in and either cure the default or purchase the home.

3. Time of Performance

Services shall begin on July 1, 2010 and end on June 30, 2012 unless amended as provided herein.

4. Financial Records

The Home Trust agrees to allow the Town to inspect its financial books and records upon reasonable notice during normal working hours.

5. Work Statement

The Home Trust agrees to provide the services described in the Work Statement attached hereto and incorporated herein by reference to residents of Chapel Hill and to maintain a high level of professionalism in the provision of these services.

6. Amendments

The Town or the Home Trust may amend this Agreement at any time provided that such amendments make specified reference to this Agreement, and are executed in writing, signed by a duly authorized representative of both organizations, and approved by the Town Manager, or the Manager may refer the request for an amendment to the Town Council, at his discretion. Such amendments shall not invalidate this Agreement, nor relieve or release the Town or the Home Trust from its obligations under this Agreement.

The Town may, in its discretion, amend this Agreement to conform with federal, state, or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by the Town and the Home Trust.

7. Termination for Cause or Convenience

In the event that the Home Trust shall cease to exist as an organization or shall enter bankruptcy proceedings, or be declared insolvent, or liquidate all or substantially all of its assets, or is unable to sell the completed house to an eligible purchaser, or shall significantly reduce its services or accessibility to Chapel Hill residents, or in the event that the Home Trust shall fail to render a satisfactory accounting as provided herein, then and in that event the Town shall have the right to suspend or terminate this Agreement, and title of the properties (land and improvements) held by the Home Trust would revert to the Town.

Either party may terminate this Agreement at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least 30 days before the effective date of such termination. In the event of any termination for convenience, all unfinished documents, data, reports or other materials prepared by the Home Trust under this Agreement shall, at the option of the Town, become the property of the Town and the Home Trust shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination.

8. General Conditions

A. General Compliance

The Home Trust agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the Housing and Urban Development Regulations concerning Community Development Block Grants - CDBG). The Home Trust also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. The Home Trust further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available.

B. Independent Contractor

Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. The Home Trust shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The Town shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as the Home Trust is an independent contractor.

C. Grantor Recognition

The Home Trust shall insure recognition of the role of the Town in providing services through this contract. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to funding source. In addition, the Home Trust shall include a reference to the support provided herein in all publications made possible with funds made available under this contract.

9. Hold Harmless

The Home Trust hereby agrees to hold the Town harmless against any claims or actions from damage, injury, or death relating to or arising out of the Home Trust's use of Town funds or due to acts or omissions of the Home Trust's officers, employees, contractors or agents.

10. Administrative Requirements

A. Documentation and Record-Keeping

1. Records to be Maintained

The Home Trust shall maintain all records required by the Federal regulations specified in 24 CFR Part 570.506 that are pertinent to the activities to be funded under this Agreement. Such records shall include but not be limited to:

- a) Records providing a full description of each activity undertaken;
- b) Records demonstrating that each activity undertaken meets one of the national objectives of the CDBG program;
- c) Records required to determine the eligibility of activities;
- d) Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- e) Records documenting compliance with the fair housing and equal opportunity components of the CDBG program;
- f) Financial records as required by 24 CFR Part 570.502; and
- g) Other records necessary to document compliance with Subpart K of 24 CFR 570.

2. Retention of Records

The Home Trust shall retain all records pertinent to expenditures incurred under this contract for a period of five (5) years after the termination of all activities funded under this Agreement. Records for non-expendable property acquired with funds under this contract shall be retained for five (5) years after final disposition of such property.

3. Access to Records

The Home Trust shall furnish and cause each of its own contractors or subcontractors to furnish information and reports required hereunder and will permit access to its books, records and accounts by the Town, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.

4. Client Data

The Home Trust shall maintain client data including, but not be limited to, client name, address, income level or other basis for determining eligibility, and description of services provided. Such information shall be made available to the Town monitors or their designees for review upon request.

5. Close-outs

The Home Trust's obligation to the Town shall not end until all close-out requirements are completed. Activities during this close-out period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent cash advances, program income balances, and accounts receivable to the Town), the sale of all units to qualified buyers, and determining the custodianship of records.

11. Nondiscrimination

The Home Trust will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability or other handicap, age, marital/familial status, sexual orientation, gender identity, gender expression, or status with regard to public assistance. The Home Trust will take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Home Trust agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.

12. Severability

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

This Agreement is between the Town of Chapel Hill and the Community Home Trust to reduce the sales price of Home Trust homes.

IN WITNESS WHEREOF, the parties hereunto cause this Agreement to be executed in their respective names.

COMMUNITY HOME TRUST

SIGNATURE

PRINTED NAME & TITLE

ATTEST

PRINTED NAME & TITLE

TOWN OF CHAPEL HILL

ASSISTANT/DEPUTY/TOWN MANAGER

ATTEST BY TOWN CLERK:

TOWN CLERK

TOWN SEAL

Town Clerk attests date this the _____ day of _____, 20____.

Approved as to Form and Authorization

TOWN ATTORNEY

PLANNING DIRECTOR

WORK STATEMENT

1. The Home Trust shall use up to \$90,000 of 2010-2011 Community Development Block Grant Funds to reduce the sales price of homes.
2. Prior to closing, the Home Trust shall provide sufficient documentation detailing the terms of the transaction and will maintain records showing compliance with this Agreement.
3. The Home Trust shall record and/or maintain restrictive covenants on this property requiring the property to be used for affordable housing purposes and that it be the primary residence of the owners.
4. The Home Trust shall submit documentation to verify the total household income of initial and all subsequent homebuyers for the units to the Town for approval before purchase contracts are executed.
5. The Home Trust shall notify the Town if a homeowner is in default.

MEMORANDUM

Memorandum to: Carrboro Mayor and Board of Aldermen

From: Mike Brough

Subject: Rogers Road Proposals

Date: November 7, 2012

County Attorney John Roberts, Chapel Hill Attorney Ralph Karpinos, and I met November 6th to discuss the managers' October 16, 2012 recommendations for constructing a Community Center to serve the Rogers Road area and to extend sewer lines into this area. We also discussed Mark Dorosin's October 23, 2012 letter recommending that, not only should sewer lines be extended into this areas, but that homes should be connected to the sewer lines at public expense. We agreed on the conclusions set forth below in paragraphs 1-5. The thoughts set forth in paragraph 6 did not occur to me until after our meeting, and therefore have not been endorsed by the other attorneys.:

1. Statutory authority exists for the towns and the county to cooperate in operating and funding a community center located in the Rogers Road area, and there are a number of ways in which this could be accomplished. However, as we understand it, the current proposal is that the county and/or the towns would pay Habitat \$500,000 to construct the facility, on land provided by Habitat, and then Habitat would lease the center to RENA, who would operate it, presumably in accordance with RENA Neighborhood Center Business Plan (Attachment B to the Agenda Item). The attorneys do not believe it is legally permissible for the county or the towns to expend public funds to fund the construction of a building on land the county does not own, under circumstances where the building would then be leased to a private organization that would use the facility to run programs of its choosing. The county could, of course, construct a community center on land it owned or leased, but it would have to put the project out for bids in accordance with applicable statutes. The operation of a community center would require annual appropriations. The county could provide staffing through its own employees or it could contract with an organization such as RENA to run programs, but these would have to be open to the general public. In short, there are many options for legally accomplishing the objective of providing a community center that would benefit the residents of Rogers Road, but the current proposal is not one of them.

2. Orange County, Carrboro, and Chapel Hill, as owners of the Greene Tract, and the County, as owner of other property used for solid waste disposal, could petition Chapel Hill to annex any properties owned by these governmental entities within the portion of the Rogers Road area that is located in Chapel Hill's ETJ or Joint Planning Area, and Chapel Hill could do so (subject to the possible exception that, if the area to be annexed was not contiguous to the existing town limits, than no lots within a subdivision could be annexed unless the entire subdivision was annexed). However, this would enable Chapel Hill to extend sewer lines only to those areas so annexed.

3. The \$900,000 that Chapel Hill, Carrboro, and Orange County agreed to pay to the Landfill Fund for the 100+ acres of the Greene Tract that were not conveyed to Orange County cannot be used to pay for either the construction of a community center or the extension of sewer lines to the Rogers Road area. The Green Tract was acquired using landfill funds, and the \$900,000 is being paid back to this enterprise fund. Such funds can only be expended to cover the costs associated with the operation and maintenance of the landfill.

4. Proceeds from the sale of the 100+ acre portion of the Greene Tract now owned jointly by OC, CB, and CH can be used in the same manner as other unrestricted general funds. Thus, Carrboro could use these funds to extend sewer lines to unserved areas within Carrboro's corporate limits.

5. The towns and the county could appropriate funds to subsidize the cost of actually connecting homes to a sewer line, once that line has been constructed. In order to be able to point to specific statutory authority to provide such subsidies, it would be preferable to limit the availability of such subsidies to low and moderate income property owners. The attorneys do not recommend that the contractor engaged by the county and/or the towns to extend the lines be directed to construct lines connecting individual properties to the public lines because this work involves actually getting into the plumbing systems within individual homes and poses significant risks of unexpected complications and claims of damages.

6. The managers propose that a "County Sewer District" be created for the Rogers Road area as well as adjoining areas that do not have sewer, and that the district use the special assessment process to recoup some of the costs of extending sewer service to these areas. Presumably, the proposal is referring to a County Water and Sewer District created pursuant to Article 6 of G.S. Chapter 162A. Such a district would be a legally separate municipal corporation, but the governing body of the district would be the Orange County Board of Commissioners. Such a district could issue its own bonds to raise the capital to cover the cost of extending the lines. Assessments could be based on various criteria listed in G.S. 153A-186, including "the area of land served...at an equal rate per unit of area," which would mean that properties with greater development or redevelopment potential would pay more than smaller properties, but the statute does not provide a way to exempt from the assessments specific properties based on criteria not listed in the statute. Thus, if the objective is to extend sewer lines at little or no cost to the longstanding owners of properties in the Rogers Road area, but to recapture some of the cost of extending the lines when properties in this area are developed or redeveloped, the special assessment process appears to be a useful tool.

An alternative might be to establish the District and have the District issue its bonds to raise the cost of extending the lines. Carrboro could contract with the District to pay for the cost of extending the lines to serve properties that are within the town. The District would contract with OWASA to operate and maintain the lines and to bill the customers in the same manner as other OWASA customers. (An amendment to the WSMPBA would probably be needed). Then the District could establish a fee – call it a service line extension fee – that would be designed to recoup some of the costs incurred by the District in extending the lines. (OWASA has an "availability fee" that is designed to recoup the cost of the treatment plant and major outfalls, but

this fee does not cover the service lines because those are typically installed at the developer's expense). This fee would be paid at the same time as OWASA's availability fee – when a connection is made. The District's policy could provide that the service line extension fee would be waived for the first connection made to any property existing as of a specified date.